



pennsylvania

DEPARTMENT OF BANKING
AND SECURITIES

consumer services office **annual report 2015**



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message from robin l. wiessmann



For the past year, we have been working on consolidating roles and breaking down institutional silos within the Department of Banking and Securities. We are looking at new ways to get things done, and developed new and more effective ways to keep Pennsylvanians informed about financial services companies, products, and transactions.

In 2015, we created a new division, Financial Services for Consumers and Business (FSCB). FSCB took existing staff and infrastructure – Consumer Services, Investor Education, and Community Outreach – and created a single business unit dedicated to the needs of consumers. FSCB required no additional staffing, no additional funding, and does not create additional regulatory burden.

FSCB is working on implementing the four goals set forth in November 2015 by Governor Tom Wolf's Consumer Financial Protection Initiative.

The first goal is to help protect consumers from illegal, "easy money" types of lending. These predatory loans, which are heavily advertised on the Internet, might seem appealing during a cash crunch, but they can create huge, long-term financial burdens for the borrower.

Second, protect the commonwealth's seniors from financial exploitation. This initiative will help health care and legal professionals who work closely with senior citizens identify signs of elder financial abuse and prevent this crime.

Third, recognizing that too many Americans have not saved enough money to live comfortably during retirement. FSCB is working to identify and promote new ways to help working adults save for their retirement.

Finally, this initiative works to establish a state government interagency financial education exchange for consumers. This information exchange will help ensure that state agencies work in a coordinated fashion.

Our Financial Services for Consumers and Business staff is working hard on behalf of Pennsylvanians. This first annual report focuses on how our Consumer Services Office helps consumers with questions or guidance, or to file complaints. We hope to convey the story of how the increasingly complex, global, evolving, and interconnected financial services marketplace is affecting millions of our commonwealth friends, neighbors, and family members.

Robin L. Wiessmann, Pennsylvania Secretary of Banking and Securities

Learn more:

<https://www.governor.pa.gov/governor-wolf-announces-consumer-financial-protection-initiative/>



about the department



The Pennsylvania Department of Banking and Securities was created by Act 86 of 2012, which merged the Pennsylvania Securities Commission and the Pennsylvania Department of Banking into one agency under the governor's jurisdiction. The department's mission is to regulate financial services and work to ensure consumers and businesses are well-informed about the marketplace.

Here are some of the ways the department balances its mission of ensuring financial institution safety and soundness and consumer protection with our concern for Pennsylvania's families:

- We regulate more than 200 state-chartered banks, trusts and credit unions to ensure that Pennsylvanians' deposits are safe and available when they need them.
 - We license and register more than 18,000 consumer lenders, including mortgage brokers, originators and lenders; auto sales finance companies; debt services companies; check cashers; pawnbrokers; and money transmitters. We also enforce compliance with state and federal laws so that consumer borrowers will have confidence in their transactions.
 - We register more than 200,000 investment professionals who conduct securities-related business in Pennsylvania, and review more than 5,000 securities offerings made to Pennsylvanians each year.
- We provide free help to anyone with a question, concern or complaint about Pennsylvania financial institutions or products. Simply call **1.800.PA.BANKS** or visit **dobs.pa.gov** and a trained professional will respond within 24 hours.
 - Our trained, professional Investor Education and Consumer Outreach staff present non-commercial, educational programs on basic and advanced investment principles as well as basic financial education that teaches consumers how to protect their money at senior citizen expos, community center functions, schools and other public events.

The Pennsylvania Department of Banking and Securities is accredited by the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators and the National Association of State Credit Union Supervisors. We are active members of the North American Securities Administrators Association, the National Association of Consumer Credit Administrators and the Money Transmitter Regulators Association.

Our work is mainly funded by the assessments and fees paid by Pennsylvania's regulated financial community. No taxpayer dollars are used to support our work.

DoBS Consumer Services Office has been in service for more than 40 years and aims to assist consumers with their financial questions. Since 1973, the office has evolved from a single call line into a multi-dimensional force, assisting numerous consumers on a day-to-day basis. Today, not only is the call line in service, but consumers can reach the department through its website, email, and by regular mail. The call line is not a phone tree, something on which the department prides itself.



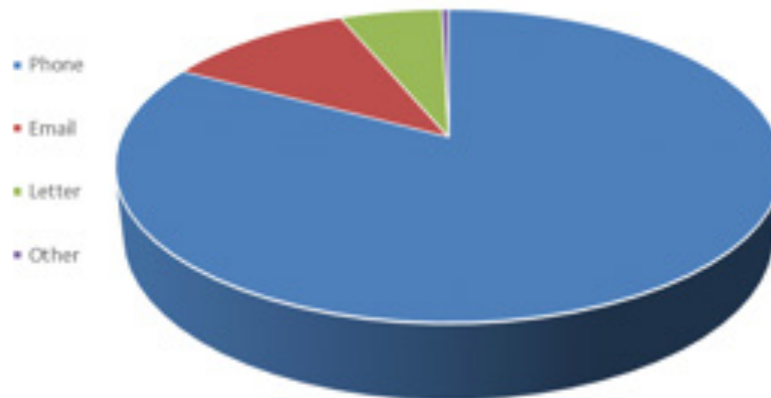
consumer services operations

The Consumer Services Office is staffed year-round, by a team of trained professionals who are dedicated to helping Pennsylvanians with financial issues and questions.

The toll-free 800 number is staffed **Monday-Friday** from **8:00 AM-5:00 PM**.

Consumer Services staff handle about **6,000 complaints/inquiries annually**. Callers deal with one point of contact, rather than being passed from person to person within the department. This continuity results in faster resolution of issues. Each call may be followed by hours of individual assistance, online research, and follow-up. This is because Consumer Services staff works closely with regulatory and legal staff to identify, report and when possible, resolve issues for consumers.

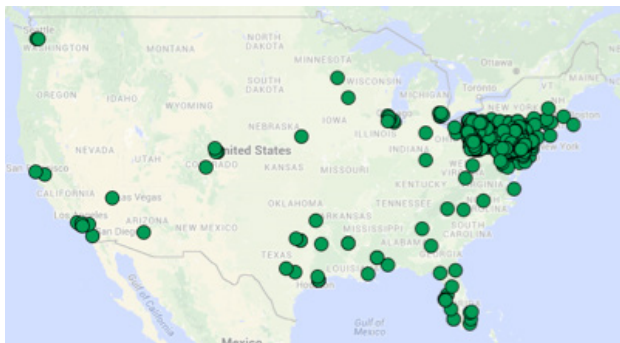
How do people contact us?



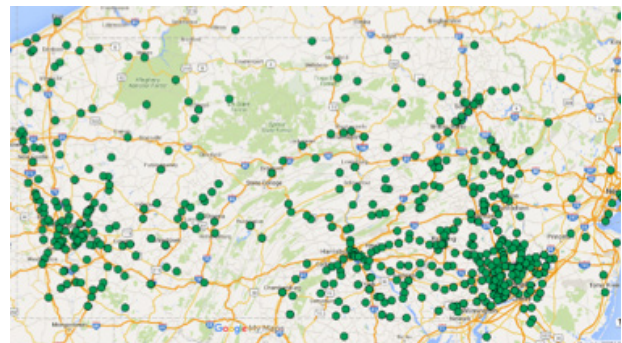
Q: How do people contact us?

A: More than 80% of the time, we're contacted by phone.

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Q: Where are people contacting us from?

A: More than 85% of the time, our calls are from Pennsylvanians. Last year, we were also contacted by residents of 35 other states as well.

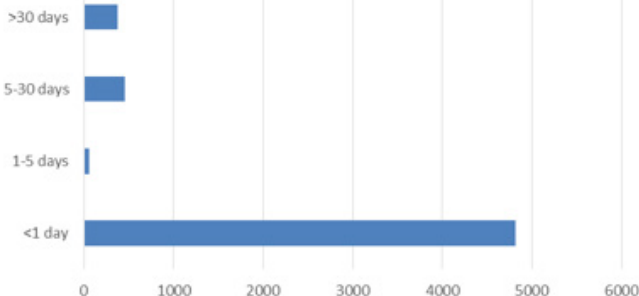


consumer services operations



A: Consumers are not required to provide their name to have a question answered. However, in order to process a complaint, we will require personal information. All personal information is handled in a strictly confidential manner.

A: About 85% of the time we are able to resolve issues that same day. For those issues that do take longer, it is almost always because we are waiting on additional information from the individual consumer, or a formal response from the institution (we typically allow for a 30-day response).



A: Most questions come in about deposit accounts (checking/savings), money transmission services, or mortgages.



consumer services operations

Q: When you cannot help, where do you refer people?

A: Consumers sometimes find that trying to find the right government agency to help them can be difficult or frustrating. Our Consumer Services professionals understand this challenge and are excellent at referring individuals to the correct regulatory or law enforcement agency. In the past year, we have worked with the following agencies to help resolve consumer questions and complaints:

Federal Agencies

- Commodity Futures Trading Commission
- Consumer Financial Protection Bureau
- Department of Labor
- Federal Bureau of Investigations
- Federal Deposit Insurance Corporation
- Federal Financial Institutions Examination Council
- Federal Reserve Board
- Financial Industry Regulatory Authority
- National Credit Union Administration
- Office of the Comptroller of the Currency
- Securities and Exchange Commission
- United States Postal Inspection Service

Other governmental units we've referred

- Illinois Department of Financial and Professional Regulation
- New Jersey Department of Banking and Insurance
- New York Department of Financial Services
- North Carolina Commissioner of Banks
- Pennsylvania local police departments

State Government Partners

- Office of Administration
- Department of Aging
- Department of Agriculture
- PA Attorney General
- Department of Community and Economic Development (DCED)
- Department of Education
- PA e-Health Partnership
- PA Emergency Management Agency (PEMA)
- PA Housing Finance Agency (PHFA)
- PA Higher Education Assistance Agency (PHEAA)
- Department of Human Services (formerly Department of Public Welfare)
- Insurance Department
- Department of Labor & Industry
- Public School Employees Retirement System (PSERS)
- Department of Revenue
- PA State Police
- Department of Transportation (PennDOT)
- PA Treasury
- Public Utility Commission





DoBS Website



Secretary Wiessmann reorganized the department, highlighted by the formation of the **Financial Services for Consumers and Business** unit, under the leadership of **Deputy Secretary Brian LaForme**.

Among the notable accomplishments in the first year of Financial Services for Consumers and Business:

- We updated our online consumer complaint forms and online intake process. The change result in increased clarity, and fewer “clicks” for those completing the online complaint form.
- We reorganized, updated, and expanded information for consumers on our website, including a new calendar of events.
- We created new financial information publications such as “Banking Basics,” “Cybersecurity,” “Risks of ‘Easy Money’ Loans,” and “Credit or Debit” based partly on questions and complaints we received.
- Renewed focus on continuing education for Consumer Services Office staff, including 2015 participation at the National Association of Consumer Credit Administrators (NACCA) conference in Pittsburgh.
- Christine Hodge, Consumer Services Office Chief, has been named to the Education Committee for the NACCA Consumer Services School.



lessons learned

“Why is MY bank charging me these fees? Can they do that?” Jose was livid. He thought he’d deposited the funds through an ATM in time. When he saw the fee, he made another trip with cash to the branch to avoid further fees. When a check bounced because more fees drew his balance negative, he called us.

We helped him understand his terms and conditions to avoid this going forward.

banks and credit unions

The majority of calls we receive are related to banks or credit unions. These calls range in nature from general inquiries about account terms and conditions to complaints regarding fees.

What is the problem?

Occasionally financial intuitions make mistakes that must be corrected. However, **most problems result from confusion about how banks and credit unions actually work.** Most calls to us end in a better understanding of how to avoid these unwanted consequences going forward.

What do we do to help?

In addition to gathering information about the specific issue, our team strives to help the consumer understand not only their specific issue, but often, how banking services work in general. Of particular note is confusion relating to the timing of deposits and withdrawals, failed transactions, and additional fees.

What should everyone know?

Problems encountered with deposits and withdrawals are made worse by lengthy and complex terms and conditions, often presented to consumers all at one time. Many consumers who have contacted us have either not read the disclosures in advance or do not understand them.

Each financial institution has specific rules about when deposits and withdrawals are posted, and what fees may be charged. When consumers know and understand the terms and conditions of their specific bank or credit union, they are more likely to avoid additional fees or failed transactions.

Consumers can take simple steps to avoid this common issue:

- Review your statements regularly
- Understand how your account works
- Adhere to cutoff times

How to learn more?

Contact your bank or credit union today to learn more, before any misunderstanding results in additional fees, failed transactions, or a complaint. Consumers can also call our Consumer Services staff at **1.800.PA.BANKS** to learn more about their banking account terms and conditions.

[Credit or Debit](#) (one-pager)

[Banking Basics](#) Presentations (email)



lessons learned

mortgage servicing

After basic banking calls, the most reported problem concerns mortgage servicing, involving escrow account issues, payments not being applied properly, and unexpected fees.

What is the problem?

Some homeowners do not fully understand their mortgage agreements. Mortgage servicing is complex. In addition, often the mortgage servicing responsibilities change from one company to another, thereby creating confusion and frustration for both parties.

What do we do to help?

Mortgage servicing questions are considerably more complex than most other inquiries. As a result, gathering data to simply understand the issue consumes considerable time. While our Consumer Services staff members are excellent at explaining the basics about mortgage servicing, most questions from homeowners require an in-depth review of documents, contact, and coordination with the mortgage servicer just to get to the root of the issue.

After we have helped the consumer understand the specific issue and where to direct questions, we try to help the consumer make contact and follow-up on their inquiry.

What should everyone know?

Pennsylvania laws focus on the interest rate that can be charged for a mortgage loan, and the ways that mortgages can be offered, closed, and satisfied. Mortgage brokers, originators, and loan correspondents are licensed by the Department of Banking and Securities under the Mortgage Licensing Act. However, Pennsylvania law does not specifically license the companies that service mortgages after origination.

Homeowners can take simple steps to avoid this common issue:

- Review your statements regularly
- Be sure to read and understand your loan documents. Do not hesitate to contact your mortgage servicer to ask questions and get more information.
- At the first sign of problems, reach out to your mortgage servicer to try to resolve the issue before it escalates.



Ethel received a letter warning her of impending foreclosure. After calling us, we determined that she had been making payments on-time, but to the wrong mortgaging servicing company. She wasn't aware that her loan was sold and the servicing transferred. The new company simply threatened her with foreclosure, and the old company never notified her of overpayment.

lessons learned

How to learn more?

Contact your mortgage servicer if you have any problems. Homeowners can also call the department at **1.800.PA.BANKS** to learn more about mortgage terms and conditions.

[Shopping for a Mortgage](#) (brochure)

[Buying A Home](#) (brochure)

[Home Ownership in Tough Times](#) (brochure)



“easy money” loans

“Easy money” loans are advertised on the Internet as hassle-free ways to get cash quickly for anything from emergencies to vacations. These loans are usually valued between \$100 and \$1,000, though some can be higher.

These loans also have short time frames to be repaid, usually between two weeks and a month, with annual interest rates and fees upward of 300 to 1,000%. Some examples of these types of loans include so-called payday loans and auto-title loans.

Auto title loans are secured by borrowing against the value of a car by using the car’s title as collateral for the loan. However, if a borrower is late or defaults on their loan payment, the lender may repossess the car. For many consumers, this triggers a vicious cycle. Most individuals use their car as their main source of transportation to drop children off at childcare or school, to get to their job, or to do every day necessary activities. Without a car, consumers are at a disadvantage to make a living for themselves.



Marie went online and signed up for an “instant” loan, providing her much-needed short-term cash. She made payments in full, and on-time for years. Ultimately, she paid thousands of dollars on a loan of only \$500.

What is the problem?

In order to make loans to Pennsylvanians, a company must be chartered or licensed and follow our commonwealth’s consumer lending laws. While Pennsylvania has some of the strongest consumer lending laws in the nation, some companies operating over the Internet do not obey our laws. Too often, consumers in need of immediate funds go to the first available source advertised – and the calls we receive are about problems they encounter with these unlicensed lenders. *(continued)*



lessons learned



This problem becomes worse because of the shift in lending practices by these companies. Properly licensed companies base their lending on a consumer's ability to repay the loan. Too many of these unlicensed lenders make loans based on their ability to collect on the loan using methods that may or may not be legal. As a result, many loan amounts exceed the borrower's ability to repay, resulting in what is commonly referred to as a "debt trap."

For those consumers that have loans with companies not chartered or properly licensed, we encourage them to contact their bank or credit union immediately. In addition, we help consumers find the appropriate state or federal agency with whom to file a formal complaint.

What should everyone know?

Make sure you only do business with chartered or properly licensed companies and individuals. In addition to using our website as a resource, you can call 1.800.PA.BANKS to inquire about a specific financial services company, product, or transaction.

Alternatives to "easy money" loans

- Consider the Credit Union Better Choice program;
- Ask if your bank or credit union offers short-term loans;
- Talk to trusted family or friends;
- Talk to a local community and/or religious organizations;
- Ask your employer for a payroll advance;
- Try to negotiate with your creditor to give you more time or raise your credit limit; or
- Pay the late fee: more than likely it will be less than the interest rate on an "easy money" loan.

Consumers can take simple steps to avoid this common issue:

- Call our Consumer Services staff at **1.800.PA.BANKS** to make sure your lender is properly licensed
- Call us if you think you may have a loan with an unlicensed entity

How to learn more?

[Risks of Easy Money Loans](#) (one-pager)

Recognizing Easy Money Loans

lessons learned

other common issues



Disclosures

Disclosures to consumers have grown in length and complexity. Companies cannot disclose away, disclaim away, or have their customers contractually sign away certain lawful rights. Consumers feel that disclosures don't help explain products, rather, they hide and confuse things. The length, complexity, form, and even font size can distract or discourage consumers from reading disclosures. Other times, consumers read the disclosures too late in the decision-making process to be effective, and no alternatives are offered.

By the time Chris was ready to purchase, it was too late in the process to change her mind, no matter what the "fine print" stated, making the disclosures meaningless.

[CFPB Know Before You Owe](#) – Mortgages / Credit Cards / Student Loans

Jane was one of our savvier callers, and knew there were over a dozen different state and federal agencies that she could call, but wasn't sure which one was the right one to call. We helped her understand where to go for help for her specific problem.



Where Do I Call?

Yes, sometimes we get wrong number calls. But often callers do not know where to call – the Department of Banking and Securities, another state agency, or a federal agency. Given the number of federal and state agencies that have responsibility for consumer protection issues, it's no wonder many callers are confused. When that happens, our experienced staff helps point consumers in the right direction.

Contact the PA Department of Banking and Securities

1.800.PA.BANKS



lessons learned



Cybersecurity and Identity Theft

In addition to the sheer complexity of cybersecurity and identity theft issues, Pennsylvanians have to address threats coming not only from breaches of their own computers and smartphones, but also the potential breach of a business or organization entrusted to hold their personal information – or that of a third-party vendor. While the issue can seem daunting, there are a few simple steps everyone can take to reduce the risks, and some helpful resources if there is a problem:

- **Keep Your Secrets Safe:** Don't respond to emails or phone calls that request your personal information, and be careful about sharing personal information on social media
- **Passwords:** create "strong passwords" for your online transactions: at least 8 characters in length with a mixture of letters, numbers, and symbols.
- **Software:** Download and install software only from websites you know and trust, and use security software on your computer and make sure it updates automatically
- **Investigate:** Check out the companies where you shop online to ensure security in your transactions, and review your financial and shopping statements for any suspicious activity. Check your credit report regularly at www.annualcreditreport.com. You can get one free report from each of the three nationwide companies once every 12 months.
- **Encryption:** Give personal information only over encrypted websites – look for "https" addresses.
- **Public Access:** Avoid using unsecured, public wireless access points, such as those found in airports, coffee shops, and hotels.

[DOBS Cyber Security Task Force](#)

[Cybersecurity - Information Consumers Need to Know](#)

Buy Here, Pay Here

Buy here, pay here sellers work in many industries, but are most commonly associated with auto dealers. Buy here, pay here refers to the fact that the dealer can sell the car as well as originate and service the auto loan. Potential troubles result if the dealership goes out of business or moves without informing the consumer, and the vehicle lien has not been removed. In this case, the Pennsylvania Department of Transportation will not give the title to the rightful owner of the car, preventing the car from being legally be sold or transferred. It's imperative that consumers keep their own record of payments and receipts, especially if they pay in cash.

News — CFPB Takes First Action Against 'Buy-Here, Pay-Here' Auto Dealer

Bill purchased a car from a roadside dealer he'd seen in business for years. Offering the convenience of buying and paying at the same place without a bank involved was a bonus. After about a year, Bill wanted to sell his car, and paid off the loan in cash from an overtime check. When he went to sell the car, he couldn't because his title wasn't "released." The dealer was now closed, and without proof of that the loan was paid in full, he couldn't legally transfer the title, leaving him stuck.



lessons learned



The **Consumer Services Office** has become a valuable resource to the consumers who contact us, but they are also a valuable resource in helping us identify emerging issues and trends that have the potential to affect a larger number of Pennsylvanians.

Partly in response to our interactions with consumers, we have developed and published a library of consumer information, which is available on our website and our social media. We also provide copies of these publications at public consumer protection events. In addition, we offer seminars to community groups and schools to help inform consumers and investors.



questions | more information

Take action today to stay informed, educate yourself and others, and contact us for help. At DoBS, we encourage Pennsylvanian's to



Connect

- Like PA Investor Education on Facebook
- Like PA Banking and Securities on Facebook
- Link with PA Banking and Securities on LinkedIn
- Follow **@PAFinancialReg** on Twitter
- Subscribe to the department's newsletter "The Quarter"

Contact

- File a complaint dobs.pa.gov/Consumers/Pages/File-a-Complaint.aspx#.Vw_fXaPD-UI
- 1.800.**PA**.BANKS (800.722-2657) with your questions about financial transactions or 1.800.600.0007 in PA.
- Out of state 717.787.1854 | Media Inquiries 717.783.4721
- PA Department of Banking and Securities | 17 N Second Street, Suite 1300 | Harrisburg, PA 17101

Learn

- About the Department at dobs.pa.gov
- About our Programs and Presentations at <http://bit.ly/1UYPruj>
- Schedule outreach today RA-DoBSInvestorEd@pa.gov
- Attend an outreach event. Online Calendar at <http://bit.ly/1KlscBZ>.





Helping consumers to be well-informed

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Marketplace



protect. regulate. inform.



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DEPARTMENT OF BANKING
AND SECURITIES





Publications to keep you well-informed

Publications

The department offers **FREE** brochures and hand-outs on various financial topics that are available to the public through request or by download as (PDF) at dobs.pa.gov.

If you are interested in receiving these publications, please contact us at:
informed@pa.gov

1.800.PA.BANKS
or (1.800.600.0007)



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Topics

Each topic below may have several different publications. Please inform us of the topic you would like more information on. We will provide a list of publications associated with those topics so you can choose which titles work for your specific initiative.

Investing for Adults
Protection for Seniors
Investing for Military and Veterans

Investing for Students and Young Adults
Investors: Protect Your Money
Consumers: Protect Your Money

Information

Please provide us with the following information (phone or email).

1. Contact Name
2. Organization
3. Shipping Address
4. Phone Number
5. Email Address
6. Topics



Connect ... Learn ... Contact